

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2381 - SB 2513**

March 9, 2020

**SUMMARY OF ORIGINAL BILL:** Authorizes Davidson and Shelby County to regulate certain vehicles.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase Local Revenue –

Exceeds \$100,000/FY20-21 and Subsequent Years/Permissive

Increase Local Expenditures –

Exceeds \$300,000/FY20-21 and Subsequent Years/Permissive

**SUMMARY OF AMENDMENT (016566):** Deletes and rewrites all language after the enacting clause such that the substantive changes: (1) authorize every governmental entity located within a county with a population greater than 160,000 to regulate passenger transportation services; (2) limit the extent Davidson County may regulate adult transportation; and (3) exclude certain vehicles from regulation as adult transportation.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase Local Revenue –**

**Exceeds \$250,000/FY20-21 and Subsequent Years/Permissive**

**Increase Local Expenditures –**

**Exceeds \$500,000/FY20-21 and Subsequent Years/Permissive**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 7-51-1007, Davidson and Shelby Counties are authorized to regulate passenger transportation services including those provided by limousines, hired sedans, shuttles, and taxicabs.
- The proposed language:
  - Expands the authority to regulate passenger transportation services to include all governmental entities located within Sumner, Montgomery, Williamson, Rutherford, Hamilton, and Knox counties;

- Expands the authorized regulation to include any motor vehicle having some entertainment or social purpose, including a wagon pulled by a tractor, designed or constructed to transport any number of passengers for hire;
- Excludes motor vehicles which accept passengers of any age and prohibit the consumption of alcohol by such passengers;
- Requires Davidson County to hold a public hearing and collaborate with industry stakeholders prior to regulating adult transpotainment;
- Prohibits Davidson County from prohibiting adult transpotainment; and
- Requires such vehicles to comply with certain safety rules and regulations and obtain liability insurance.
- This analysis assumes:
  - Any public meeting required prior to regulation of such businesses will be accomplished with a regular meeting of the governmental entity's legislative body;
  - Any authorized locality will require additional resources to oversee such regulation; and
  - Such locality will partially offset the costs of such resources by charging licensing fees and assessing fines for noncompliance.
- The extent of any permissive increase in local expenditures utilized for development of additional resources is unknown, but is reasonably estimated to exceed \$500,000 annually for hiring of additional staff and supplies. Expenditures are estimated to occur in FY20-21 and subsequent years.
- The extent of any permissive increase in local revenue from the assessment of licensing fees for such vehicles will be dependent upon the rate set and the number of vehicles licensed or fined for noncompliance in any given year. However, it is reasonably estimated to exceed \$250,000 annually. Revenue from licensing such vehicles is estimated to occur in FY20-21 and subsequent years.
- The extent of regulation which will be established by applicable localities is unknown. Other, secondary fiscal impacts are possible; however the extent of such secondary impacts cannot reasonably be determined prior to the establishment of such regulation.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jrh